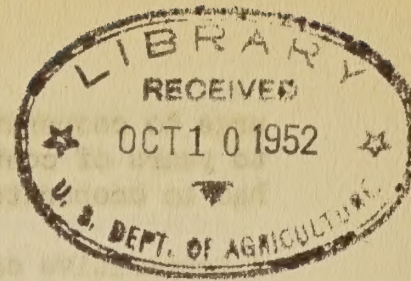


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Extension's Role in Education for Cooperatives
by

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A century and a half ago witnessed the birth of the industrial revolution and its effect is still felt both in our social and economic life. According to some authorities, there has been no more revolutionary transition in human society than the abandonment of the economy of the home and the entry into the machine age. Previously commercial life in Europe and England was restricted and the "power industry" brought forth by the industrial revolution not only enabled but required marketing to rise in importance. 1/

Changes in agricultural production methods in the last century bear a similarity to this change in industry, but the acceleration to mechanization within the last several decades has been by leaps and bounds. Farming is now a commercial operation, and farming on a self-sufficiency basis has declined correspondingly. This would indicate that marketing in relation to agriculture has become a big business and will continue to remain so both in supplying farmers' needs for products and in the processing and distribution of their products. Cooperatives therefore, along with other business, are pretty well assured of a large opportunity in dealing with commodities related to agriculture.

A year ago at the Institute the statement was presented that a cooperative has the right to engage in any legitimate business, and I see no reason for modifying that statement under present conditions. In this same discussion, the statement was made that the Extension Service has the right and the responsibility to gather facts regarding situations and make them available to anyone interested. There is another similarity, I believe, with both cooperatives and Extension. Individuals may elect to join a cooperative or prefer to do business with a different type of organization. Those dealing with Extension can decide by their own choice whether or not they wish to accept and apply the information made available to them through the Extension Service. Currently individuals in their dealings with cooperatives or the Extension Service do not face limitations or restrictions in their respective fields.

While in college I always attributed the following thought on cooperation to my agricultural economics professor, "cooperation is the philosophy of despair." Years later, when a county agricultural agent, I informed him about this, and he said I was really mistaken.

Be that as it may, I have wondered about this point. In our New England states one can observe the independent spirit of the people and begin to think that there may be something to this saying. Then one sees the cooperative spirit of those of Finnish origin. These people appear to others to have an inherent desire to work together. This leads to further questioning. Has the Finnish

(1) Handbook in Marketing

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urge to cooperate come from long years of exposure to cooperative venture and to years of continued educational leadership, or is it simply that they have had to cooperate to survive?

A cooperative can be described in several ways. One person may call it a peculiar way of doing business, and another one may describe it by saying it is set up mainly to serve the specific needs of a group of people. An interesting presentation was given at the New England Institute of Cooperation last year by a representative of a chain store. He said that his company did business with a cooperative simply because it got satisfactory goods with adequate service. He thought that the type of organization was secondary to these points. He gave the history of the relationship between the chain he represented and a cooperative group of farmers in Vermont. This group of farmers needed an outlet since they had found no acceptable market through proprietary milk dealers, and the chain store was looking for a supply of milk. Representatives of the two finally met and agreed to do business together. All agreements were made verbally with not a scratch of the pen at the beginning, nor has there been any written agreement through the years. However, there were certain conditions which have been favorable. The chain store executive really had the desire to do what he could to improve rural conditions, and since it was sincere, the cooperative group of farmers responded. When the milk was delivered ready for consumption it had quality, and after a trial period the management of the cooperative reported that good milk was furnished to the consumer, the time between the farmer and the table was lessened, and they, as producers, were receiving an increased return under this method of distribution.

What I wish to emphasize is: first, there was a human factor involved that was favorable; second, the cooperative supplied an important product to the consumer; third, the costs of handling and distributing were lower than with some other methods in practice; and fourth, there was mutual confidence between the cooperative and the distributor. Again it should be emphasized that it was not the idea that this chain should do business with the cooperative or that the form of the cooperative contributed materially to the success of the venture. The farmers' cooperative put up a good product and it was distributed economically. This arrangement has continued through the years and both parties have been mutually satisfied.

The question may occur: Did Extension have any part in this development, and also what should be the responsibility of Extension? To answer the first, a county agricultural agent was present when the dairymen met to consider various proposals and he was influential in guiding them to their cooperative organization. Regarding the second question, it may be well to start with the colleges of agriculture. It would seem suitable that in their courses of agricultural economics they should teach the economics of business, the principles of cooperation, and some of the results of cooperative action. They can, through their instruction, give their students the foundation relating to the place of cooperatives in the business world and help these students to analyze situations when they meet them in the field in later vocations.

In the Extension Service it would seem to me that those concerned are specialists and county Extension agents, and they should certainly be well informed individuals in regard to certain phases of cooperation. This would include: (1) cooperatives and the service they render; (2) the possibilities of cooperatives in any specific area; (3) an analysis of the conditions which seem to peculiarly fit cooperative development; (4) a knowledge of the people of an area and who their latent leaders are; (5) be aware of what is usually termed "the attitude of the people."

statement of what you actually believe should be your relation to cooperative effort. This would include the question of furnishing information compared with engaging in the direct service field. It would also indicate whether the information given out is primarily factual and how far it goes into the promotional stages. Each Extension person should think out such responsibilities in line with general extension policy. In my own mind, Extension work is based on the educational approach, which is to advise, to counsel and to "lead out."

A recent statement from Director M. L. Wilson bears on this point, and has recently been sent to the states.

"The discussions were confined almost entirely to Extension's relationship with REA Co-ops, with particular reference to the Rural Telephone Program. Extension's basic relationship with all Cooperatives as spelled out in a Secretarial Memorandum of 1922, quoted below, was one of the basic points of departure. The key sentence in that memorandum is as follows:

'They (county agents) may not properly act as organizers for farmers' associations; conduct membership campaigns; solicit membership; edit organization publications; manage cooperative business enterprises; engage in commercial activities; act as financial or business agents; or take part in any of the work of farmers' organizations, or of an individual farmer, which is outside of their duties as defined by the law and by the approved projects governing their work.'

'This does not preclude, and should not, county agents taking an aggressive part in advising farmers of the advantages of Cooperatives to provide various types of services needed by farm families and not readily and economically available to them otherwise. Neither does it preclude their stimulating local action to get organizing committees established and advising and assisting such committees; also in continuing counsel to Cooperatives after such have been formed.'

A year ago some suggestions were made in relation to Extension and leaders of coops - managers and officers. It was suggested that frequent contact and exchange of ideas between cooperative leaders and the Extension Service were valuable.

There is another matter to which I think that Extension should give particular attention. In the development of cooperatives, a number of individuals band together and go through a period of deciding that there is a real problem that they should undertake through cooperative effort. Being convinced that there is a job to do, those interested work hard, often over a period of years, to get the cooperative started. Many leaders contribute freely of their time and energy to do this. Then there comes the actual establishment of the cooperative and its growth. Much of its success is due, to quite an extent, to the early work of those who pioneered in getting it started. Later comes the tendency on the part of many of the members to leave much to the management, provided matters are going smoothly. It is at this point that the question arises as to whether we are spending enough time for the next or succeeding generations who apparently take the cooperative for granted. They do not realize the hard work and the many long hours that the original leaders contributed to get the cooperative established. In fact, many people do not sympathize with what they have not actually experienced. It is here, to my mind, that Extension people can expand some of their efforts and give more attention to the group of young people with whom they have contact, such as the 4-H Clubs and young farmers groups.

The Extension Service is engaged in an informal type of educational program, and I would like to see more opportunity for youth groups to engage in some form of cooperative activity that the youth group itself decides would be valuable. It might be possible for some group activity in machinery repair, in grading or packing some of their own products for marketing, or in purchasing supplies or animals for their projects. In other words, it would seem worthwhile for some of these young people to begin to go through some of the experiences of group effort. The organization should be simple, the amount of business to be undertaken should be moderate, and the risks should be minimized. Another approach would be to have some of the older youth groups attend some of the cooperative meetings as observers, and where a youth shows particular interest and understanding, it would be suitable to have that person be an active member of the cooperative group.

In cooperation with the American Institute of Cooperation, Director M. L. Wilson appointed a committee to suggest plans and programs for 4-H members and for young men and women in the field of farm cooperatives. Reports have been issued by these committees and are worthy of your study. The one on 4-H is entitled "Suggestions for a 4-H Club Program in Farmer Cooperatives" (see Exhibit B) and the other is "Y. M. W. Activities in Farmer Cooperatives" (see Exhibit C)

These include a good range of ideas, methods and aids that can be used by Extension workers. If you have not received copies, you may not only desire them but you may wish to consult with your director or supervisor on the question of applying some of the suggestions that are listed in these reports.

Actually, there appears to be little essential difference in doing work with farmer cooperatives than with presenting other subject matter to other groups. One real problem is that of getting accurate and detailed information to the people who need it when they need it, and when they can make use of it.

Mention has been made of possible "hot spots." This is brought to attention to indicate that Extension agents or specialists, if they recognize situations that may cause trouble, they can prepare for them, and also there is often a strategic time to act. Certainly the possibility of opposition to cooperatives should be considered but usually can be handled skilfully.

Previously in this discussion it was stated that Extension workers should outline their relation to cooperatives in their own area of operation. This should include an understanding of the philosophy of cooperatives and not just the mechanics of their organization. Mr. James Robinson of the Farm Credit Administration has listed some subjects which he believes should be included in Extension's efforts with cooperatives. These cover a wide range of subjects and activities, and they are attached as Exhibit A for reference. He goes on to say that some of the difficulties in cooperative education are of at least two kinds: first, most Extension workers are less well prepared in this field than in the production line. This is more especially applicable to county workers but production specialists and supervisory personnel frequently are not as strong in this area as they should be. One answer Mr. Robinson gives is for improving the in-service training. Several states, such as Texas, Oklahoma and Tennessee, have had short and intensive conferences for this purpose. Second, Mr. Robinson points out another difficulty, one that has been mentioned already, and that is the opposition of certain business interests with which cooperatives compete. How to meet such situations is a matter of judgment, skill in organization, facts to be considered, and strategy to be followed.

You may remember that several years ago your group suggested that the Extension Committee on Organization and Policy recommend that Directors of Extension consider having their institutions explore the question of working with cooperatives and clarify the policy of the administration to their Extension economists. It may be that there are certain situations in the states which will have some influence on the way the work is carried on in dealing with cooperatives. If there is a difficulty within a particular county, often the state Extension economist can take the leadership in providing necessary information and guidance, and if a situation is critical within a state, the Cooperative Research and Service Division of the Farm Credit Administration can assist.

Back of all this, however, I think there is another factor that underlies this whole matter. This relates to the training of research men capable of studying cooperatives and also to use their ability to sort out significant marketing problems and find some answers that will assist in the efficient and economical distribution of agricultural products to those who finally use them. As one writer put it, haphazard methods of selling and distribution should be replaced by policies and operations based upon scientific measurement of consumers, dealers and markets. It is realized that marketing, as a study, is relatively new among the social sciences but that does not preclude going into the marketing field in a systematic and careful manner as has been done in connection with problems of production.

There is another item that will apply to cooperatives as well as to private business, and it lies within the research field, but it should be recognized by Extension specialists - "scientific method has not always been applied to the point of junction between those engaged in production and those engaged in distribution," and this is the critical point. The result has been that the manufacturer often gives the producer the wrong things or producers' items which are priced right out of the market. 1/

It does not seem to me that we should be concerned about any lack of opportunities for cooperatives. There will be enough marketing business in the future for many kinds of new ventures. My concern is that we are seeing many proposals relating to legislation and controls. The picture is not clear, but legislation, as affecting marketing, has been grouped into four classes: (1) conditions of entry and exit into business; (2) legislation facilitating the pursuit of business; (3) laws intending to preserve competition; and (4) those laws intending to establish the plane of competition. Recently, however, Congress has just passed an act regulating retail prices on the basis that it prevents harmful competition. In some countries it is very difficult to enter business and establish a new venture. Permission from the government is necessary to do this. And yet, by contrast, in the Research and Marketing Act of 1946, Congress asserts that it is its concern to have an efficient private system of marketing. Farmers are facing more controls dealing with guaranteed prices and limitations on acreage, and again I wish to refer to the statement made last year - How are we going to work out the functions that properly belong to government and those that properly belong to cooperatives? Perhaps we should include in that, how are we going to work out the functions that properly belong to government and those that properly belong to private business? Some would include the role of government as applied to education as well.

Finally, I want to point out the results of a recent study where a comparison was made between the operations of relatively old, long-established organizations and those of younger, more recent origin. Long-established associations, ~~agencies~~

or corporations tend to be static in their program and very efficient in administration, while newly established agencies or associations tend to have a program that meets and fits into current conditions, but the administration of such an organization is not too efficient. Extension has been established for over a third of a century, and it has given a good account of itself, primarily in the field of production. If, however, we go back to that statement about changes due to the industrial revolution and the growth of marketing and with the change in agriculture from a self sufficient base largely to an entirely commercial method of operation and much more buying and selling of farm products, I pose the question as to whether Extension can continue to be a live, vital agency without adding a great deal of attention to the marketing of farm products. This will apply to cooperatives as to other parts of our Extension program. My comment is - be not complacent.

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